

Quality Experience



Deepen *gaisho* customer strategy

Spending by affluent people remains strong even amid the COVID-19 pandemic. The number of the credit cards issued for the *gaisho* customers of Daimaru Matsuzakaya Department Stores was approximately 330,000 at the end of February 2021 and their sales account for about one fourth of total sales of the Department Store. There is no doubt that the system of *gaisho*, which is unique to Japanese department stores, depends largely on trust in brands in physical stores, selected content, and the ability to propose by communication through “people.” Above



Front page of *connaissligne*

all, in the communication process, efforts using digital technologies are progressing dramatically.

One of the things of which awareness was renewed by the COVID-19 pandemic is that *gaisho* business has an unexpectedly high affinity for digital technologies. Particularly, the closed website for *gaisho* customers “*connaissligne*” produces results. *Connaissligne* offers rare products and services as well as luxury items and art worthy of being bought by *gaisho* customers and enables its users to contact with *gaisho* staff. Recently, among *gaisho* customers, the number of relatively young customers in their 30s and 40s who use the website is increasing rapidly. Many customers applied for lotteries to buy extremely expensive modern art, hardly available whiskey priced at more than ¥2 million and others. We believe we will be able to expand new market for the nouveau riche if we can increase customer touch points and develop appealing content. Also in events outside stores, we strengthen efforts to provide faraway customers with highly satisfying customer experiences through live shopping using remote meeting systems.

We would like to overcome the “time” and “place” constraints of the current department store business model

using digital technologies and lead it to *gaisho* business innovation.

Strengthen luxury content

Department stores are particularly strong in solid value added categories such as the best selection of brands, luxury watches and art. During the three-year period, we will position the Matsuzakaya Nagoya, Daimaru Sapporo and Kobe stores as key physical stores and focus our investment on them to strengthen sales of luxury items.

One example is the overwhelming luxury zone, which will be created in the Nagoya store with the aim of making it “Japan’s top” watch department. The *gaisho* sales ratio of the Nagoya store is approximately 40% and it is known as a store that is highly favored by *gaisho* customers compared to other stores. Digital technologies may enable people not only in Nagoya but anywhere in Japan to shop in this “Japan’s top” watch department.



Rendering of renovated watch department Matsuzakaya Nagoya store

With respect to art, we think the key is to improve content using digital media from the perspective of customer segments because modern art is trendy. Actually, *gaisho* customers bought some works of modern art found by Parco on the *connaissligne* website. We are starting to see such synergy, which is unique to the Group.

Further expand our customer base

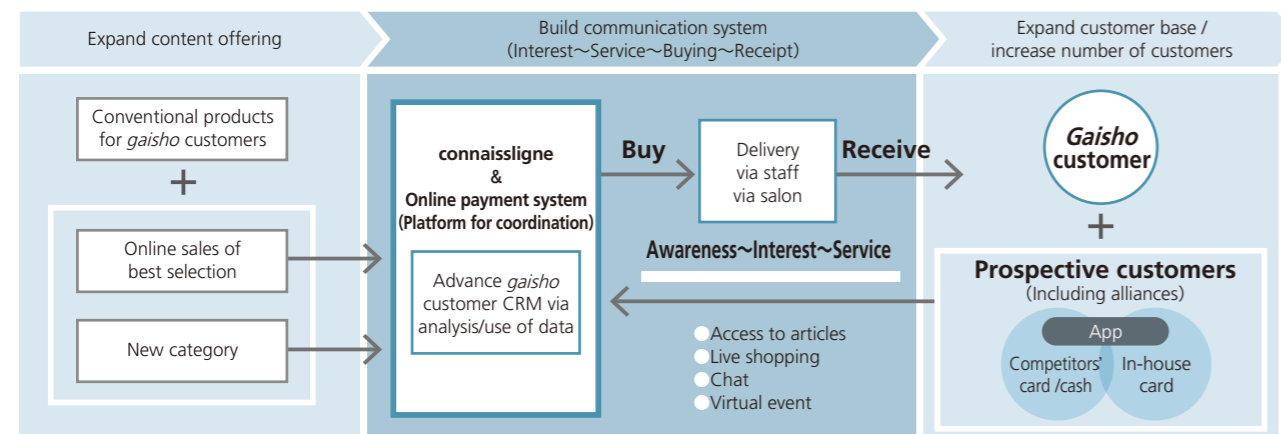
We significantly renewed Daimaru Matsuzakaya Card as a card with a new point program in January 1, 2021. We will take this opportunity to expand our customer base through collaboration between the Department Store and JFR Card. The Department Store is actively working to acquire app users and the total number of downloads exceeded 1.4 million. We will strengthen approach to the customers who do not hold our in-house credit cards among them and develop new customers.

At the same time, in order to acquire app users, we will improve user experiences so that more people will register our app.

For the purpose of acquiring *gaisho* customers, our team dedicated to developing the new holders of *Gaisho* Otokuisama Gold Card continues to develop more than 10,000 accounts every year and we will further strengthen efforts to expand an affluent customer base. Specifically, we will strive to convert the customers whose purchase amount exceeds a certain level regardless of the method of payment into *gaisho* customers, and at the same time, we will strengthen approach to new affluent customers including alliance with other companies. Concerning the admission procedures, we will promote operation reform that meets the needs of the times by creating a new online system. We will also build a scheme for affluent inbound tourists who make a large purchase to convert them into regular customers.

We will collect and accumulate data through such expansion of our customer base. And we will improve CRM by looking for potential customers from many sides, visualizing customer insights using analysis tools, and strengthening the recommendation function.

Overview of *gaisho* customer strategy



Interview ▶ UENISHI Noriko, General Manager, Tokyo Area Out-of-Store Sales Division, Daimaru Matsuzakaya Department Stores Co. Ltd.

Combine “Human Power” with Digital

We cover almost the entire Greater Tokyo Area including Kanagawa, Saitama, Chiba, Gunma and Tochigi as well as Tokyo. Recently, we have more customers from the Tohoku and Hokuriku areas, which are easily accessible to the Tokyo store. In order to “overcome the time and place constraints,” we send tablets to faraway customers and talk with and show products to them through video calling. For customers who are busy during the day, we create personalized videos so that they can watch them at any time they like.

We are developing customers in their 30s and 40s smoothly. They have a strong interest in art works and watches, which enrich their lives, and we are improving the content of “*connaissigne*” to meet such demand. We identify the customers who have an interest in each merchandise category by widely presenting rare products in webinars and through sales by lottery and use information thus obtained for subsequent approach. When we can smoothly help a customer obtain a desired rare product with our staff’s inspiration and footwork and the heart-tugging experience impresses him/her, our bonds with the customer will be further deepened.

The systems supported by digital technologies include the analysis of customers’ behavior histories and the content of conversation with them as well as their buying histories to find customers for whom our product offerings will work. It is my mission to increase the number of lifetime customers by combining our strong human power with digital technologies.

